EXCISE

PET 14-LIBYA

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ACTION AF-18

INFO OCT-01 EUR-20 NEA-13 SS-20 L-03 NSC-10 CIAE-00 INR-07
NSAE-00 RSC-01 E-15 COM-08 INT-06 RSR-01 /123 W
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R 221009Z JAN 70
FM AMEMBASSY TRIPOLI
TO SECSTATE WASHDC 5816
INFO AMEMBASSY ALGIERS
AMEMBASSY BEIRUT
AMCONSUL DHAHRAN
AMEMBASSY JIDDA
AMEMBASSY KUWAIT
AMEMBASSY LONDON
AMEMBASSY TEHRAN
AMEMBASSY BENGHAZI

DEPARTMENT OF STATE A/CDC/MR
REVIEWED BY CJ DATE 8/7/11
PORTIONS DENIED AS INDICATED

PET 14 LIBYA
LR PET C LIBYA

C O N F I D E N T I A L TRIPOLI 148

SUBJECT: POSTED PRICE NEGOTIATIONS

PET 14-LIBYA

REFERENCE: TRIPOLI 54; TRIPOLI 132

1. MEETING OF HEADS OF OPERATING COMPANIES HELD JANUARY 20 AT MINISTRY PETROLEUM AND MINERALS AS SCHEDULED, WITH MINISTER MABRUUK PRESIDING. [redacted] FORMAL MEETING [redacted] BRIEF, BUSINESSLIKE SESSION AT WHICH MINISTER READ STATEMENT PROPOSING NEGOTIATIONS TO ACHIEVE EQUALITY FOR POSTED PRICES OF LIBYAN CRUDE AND INTRODUCED MEMBER OF MINISTRY'S PRICE COMMITTEE DESCRIBED TRIPOLI 54. AT CLOSE OF MEETING MINISTER MINGLED WITH COMPANY MANAGERS AND ASSURED THEM HE WISHED TO OPEN INFORMAL DIALOGUE. IN DEPARTURE FROM ANTICIPATED SCENARIO, MANAGERS TO MEET COLLECTIVELY JANUARY 26 WITH PRICE COMMITTEE AT WHICH MINISTRY'S GENERAL LINE OF ARGUMENT WILL BE PRESENTED. BILATERAL NEGOTIATIONS WITH INDIVDUAL COMPANIES WILL FOLLOW, WITH ESSO LED TO BELIEVE IT WILL BE FIRST CALLED. PRESS NOT RERRESENTED AT MEETING, BUT FACTUAL LNA REPORT CARRIED AS LEADER BY JANUARY 21 PAPERS, WITH COMMENT FOCUSED ON LIBYAN CLAIM FOR INCREASE IN POSTINGS TO EQUITABLE LEVEL WITHOUT

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SPECULATION ON AMOUNT OF INCREASE.

2. TEXT OF MINISTER'S STATEMENT DISTRIBUTED TO COMPANIES AT CLOSE OF MEETING, AND COPY SUPPLIED TO EMBASSY BY ESSO. SIGNIFICANT POINTS ARE: A) NEGOTIATIONS ARE NECESSARY TO ACHIEVE EQUALITY FOR LIBYAN POSTINGS WITH THOSE OF COMPETING CRUDES; B) MINISTRY DESIRES TO CONDUCT NEGOTIATIONS IN ATMOSPHERE OF "MUTUAL UNDERSTANDING ... OBJECTIVITY AND REALISM", BUT LARG IS DETERMINED TO ACHIEVE CONCRETE RESULTS; C) LIBYA DOES NOT SEEK TO ALTER INTERNATIONAL POSTED PRICE STRUCTURE, BUT MINISTRY IS NOT REJECTING IN ADVANCE PROPOSALS WHICH MIGHT HAVE THIS EFFECT; AND D) CHANGE IN LIBYAN POSTINGS IS JUSTIFIED IN EQUITY, BY 1962 UN RESOLUTION ON NATIONAL SOVEREIGNTY OVER RESOURCES AND BY CHANGING CIRCUMSTANCES.

3. COMMENT: ABSENCE OF INVECTIVE AND CORDIALITY OF MINISTER (IN MARKED CONTRAST TO INACCESSIBILITY OF HIS PREDECESSOR) HAVE ALLAYED SOME OF COMPANIES' WORST FEARS. COMPANIES TENTATIVELY APPRAISE MABRUUK AND HIS TEAM AS CALM AND SERIOUS OPPONENTS POSSESSING GREATER TECHNICAL ABILITY THAN THEIR PREDECESSORS IN OLD REGIME. WE CONCUR IN THIS ASSESSMENT AND AWAIT RESULTS OF FIRST BILATERLA SESSIONS.
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